

ACE PROPERTY AND CASUALTY INSURANCE)	AGBCA No. 2004-111-F
COMPANY f/k/a CIGNA PROPERTY AND)	
CASUALTY INSURANCE COMPANY,)	
and RAIN AND HAIL L.L.C.,)	
(Compliance Case WRCO-1236))	
)	
Appellants)	
)	
Representing the Appellants:)	
)	
Bruce B. Green, Esquire)	
Willson & Pechacek)	
P.O. Box 2029)	
Council Bluffs, Iowa 51502)	
)	
Representing the Government:)	
)	
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Office of the General Counsel)	
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ORDER OF THE BOARD OF CONTRACT APPEALS

June 13, 2006

Opinion for the Board by Administrative Judge VERGILIO.

On December 16, 2003, Ace Property and Casualty Insurance Company f/k/a CIGNA Property and Casualty Insurance Company, of Philadelphia, Pennsylvania, and Rain and Hail L.L.C. of Johnston, Iowa (insurance company), filed this appeal involving a final determination by the Deputy Administrator for Compliance at the U. S. Department of Agriculture, Risk Management Agency (RMA), in compliance case WRCO-1236, for Brar Bros. Farming, policy 262024. This action arises under a Standard Reinsurance Agreement (SRA) between the parties, under which the insurance company provided multiple peril crop insurance coverage. The Government concluded that the insurance company is liable to the Government for an indemnity overpayment of \$474,111 for the 1999 crop year for almonds. This liability arises from what the Government found to be an insurance company loss adjuster failing to verify insured and uninsured causes of loss, and failing to determine if the insured properly cared for the crop. Further, it was determined that the insurance

company did not adequately perform its quality control responsibilities and did not cooperate in the underlying review of the insurance policy. The insurance company maintains that the indemnity was properly assessed, as it disputes the conclusions of the Government. The insurance company states in its complaint that “FCIC initially reinsured Brar Bros.’ 1999 policy, and paid \$470,324.00 of Brar Bros.’ \$474,111.00 in total indemnity payment. The remaining \$3,787.00, was borne by Rain and Hail under the risk sharing provisions of the SRA.”

Regulation authorizes the Board to resolve this timely-filed matter. 7 CFR 24.4(b), 400.169. Initially filed were the appeal file, complaint, and answer. There followed motions for summary judgment and exhibits. Before responses (to discovery and to motions) were completed, the parties indicated that they were attempting to resolve the dispute.

On June 13, 2006, the Board received an executed stipulation for settlement that dictates that the insurance company will pay the FCIC \$144,070 in full and final settlement of this appeal, that the FCIC will otherwise reinsure the underlying policy and indemnities paid by the insurance company, and that each party will bear its own costs and attorney fees. The insurance company also submitted a request for a dismissal with prejudice, pursuant to the agreement.

DECISION

This matter is dismissed with prejudice.

JOSEPH A. VERGILIO

Administrative Judge

Issued at Washington, D.C.

June 13, 2006